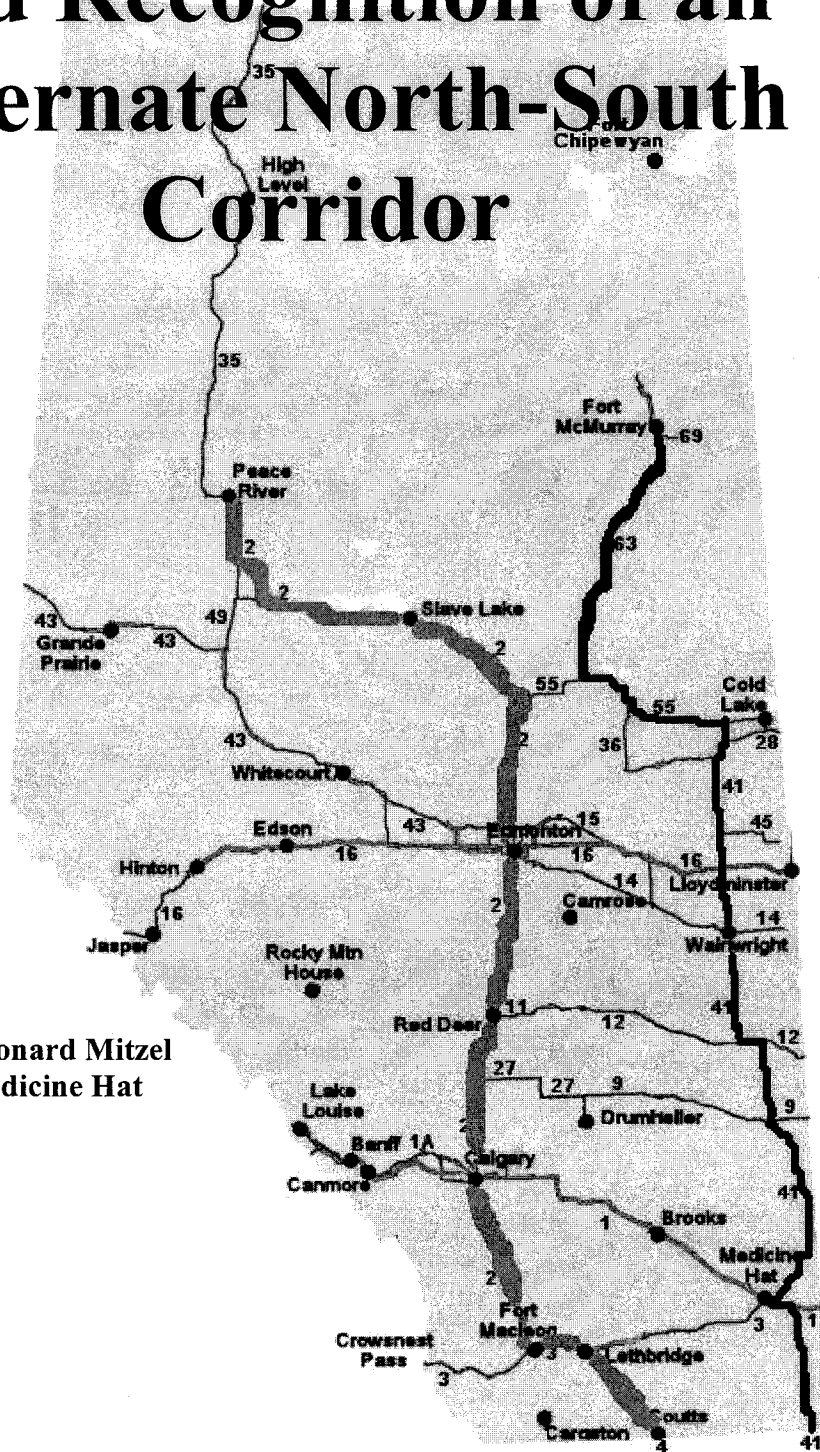


Alberta's Need for a Second 24 Hour Border Crossing and Recognition of an Alternate North-South Corridor



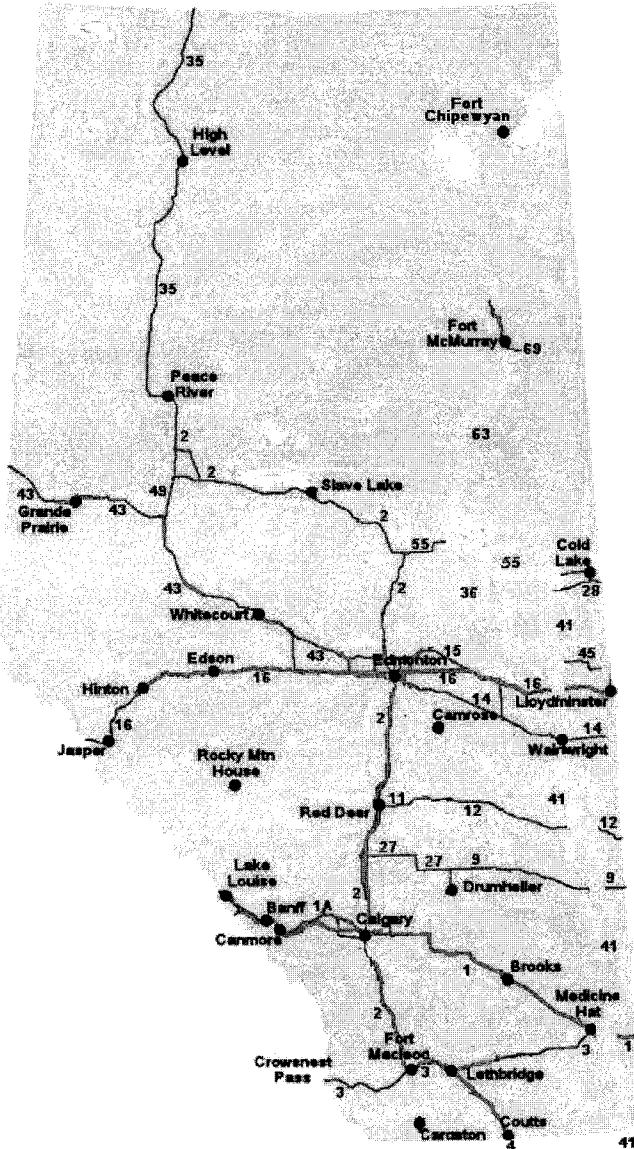
Submitted By: Leonard Mitzel
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Final Report
April 2006

Introduction

Alberta has a large Oil and Gas Industry and from this much trade is done between the province and the United States. Many imports on their way to Alberta cross through the Saskatchewan/United States borders. This report outlines the number of border crossings in both provinces; Alberta's traffic volume and the classification of Highway 41 and its condition; the view of the Palliser Economic Partnership; the trade done between each province and the U.S. (and particularly the Midwest states); Alberta's Oil and Gas Industry and the importing of oil and gas field machinery; the reasons that Alberta needs another 24 hour border crossing and recognition of another North-South corridor (this would not be a newly constructed roadway, but simply promoted as an alternate route for large, heavy and slow moving vehicles) along the eastern side of Alberta; the opposing views against Alberta having a second 24 hour border crossing and another North-South corridor; and finally, Motion 506 regarding Highway 41.

Alberta's Roadways

Alberta's major highways can essentially form a grid, which makes it quite easy for vehicles to reach major centers using existing highways. For an example, highways such as highway 55 connects the eastern side of the province near Cold Lake to highway 63 heading north to Fort McMurray. Highway 41 parallels the eastern side of the province and helps complete this provincial grid (please see map on the following page). Trucks hauling heavy, slow and wide loads coming from the Midwest United States destined for Alberta's oil sands would most easily be able to reach their destination by taking highway 41 directly north to highway 55 and west on to highway 63 North to Fort McMurray.



(Map has been altered. Original map available from the AMA website: http://www.ama.ab.ca/cgi-ebs/road_report/Highways.jsp)

Traffic Volume

According to the Department of Infrastructure and Transportation's Automated Traffic Recorder (ATR) Monthly Volume Report (2004), the first ATR on Highway 41 shows 100 vehicles as the Average Annual Daily Traffic at that point on the Highway. In comparison, the first point on Highway 4 from the Coutts border shows 1860 vehicles as the Average Annual Daily Traffic. On Highway 63, North of Wandering River there were 2780 AADT for 2004.

Infrastructure and Transportation's Traffic Volume, Vehicle Classification, Travel and ESAL Statistics Report for 2004 marks Highway 41 (from the Montana border to south of the 501 south of Cressday, Alberta) at 13.9 per cent for the percentage of volume classified as Tractor Trailer Combinations. Highway 4, for the section of highway east of 500 at Coutts to south of 501 south of Milk River at the south junction, there were 28.3 per cent of volume classified as Tractor Trailer Combinations. For Highway 2 from the Montana border to south of the 501 south of the Cardston south junction there were 2.6 per cent of volume classified as Tractor Trailer Combinations.

According to Infrastructure and Transportation's The CANAMEX Trade Corridor report, there are approximately 6,000 North-South truck trips per day, but these numbers are possibly greater today as the report was developed sometime around 2001. The report also states that at the Coutts border crossing, truck volumes had increased, on average, 9.1 per cent per annum during the previous decade.

The Van Horne Institute's report, The Transportation Sector in Alberta: Present Position and Future Outlook states "Alberta accounts for a full 25% of the total heavy truck population in Canada" (p.26). The report also states that "total traffic volume (including automobiles and recreational vehicles) in Alberta is increasing by 3.5% per year, and over the next 10 years could increase by 40%. Registrations of heavy trucks, by contrast, have increased by 270% in the last 10 years, reflecting the rapid economic growth in the province, specifically in resource project construction and oil and gas exploration activity, and particularly in the Peace River and Fort McMurray regions" (p.26)

Classification and Highway Condition

The majority of Highway 41 is classified as a major two lane highway. However, it is also classified as a low volume, minor two lane Highway in some areas. According to the 2005 PMS Highway Summary Report, Highway 41 meets, or exceeds, the Typical Minimum Acceptable (trigger) Values for Pavement Quality Index except for approximately four sections of the Highway, all less than a kilometer long. In terms of the International Roughness Index, Highway 41 generally does not meet the Typical Minimum Acceptable (trigger) Values. For Surface Distress Index, there are two cases (ranging from about 18 kilometers to 16 kilometers in length) where Highway 41 does not meet the Minimum Values. Highway 41 exceeds the Minimum Values for all other sections of the Highway, however. Highway 41 also exceeds the Typical Minimum Acceptable (trigger) Values in the Structural Adequacy Index.

Palliser Economic Partnership

The Palliser Economic Partnership is supportive of this idea. The Palliser Economic Partnership is a not-for-profit company with a membership of 15 communities in Southeast Alberta. The region ranges from the United States border up to Oyen and Hanna and across from the Saskatchewan border to Bassano. They believe that Highway 41 is an underutilized North-South transportation corridor. They feel that developing this transportation corridor would benefit the Palliser region and Alberta as a whole. This benefit would be in the form of services to road traffic and investment by companies that require efficient access to markets. The group also feels that developing this corridor would fit with the Rural Development Initiative in that it identifies the need for the development and maintenance of public highways to provide critical access to services and markets for rural Albertans. The Partnership also supports the promotion of a 24 hour

border crossing at the Wildhorse border crossing in order to further this North-South transportation corridor.

Alberta and Saskatchewan Border Crossings

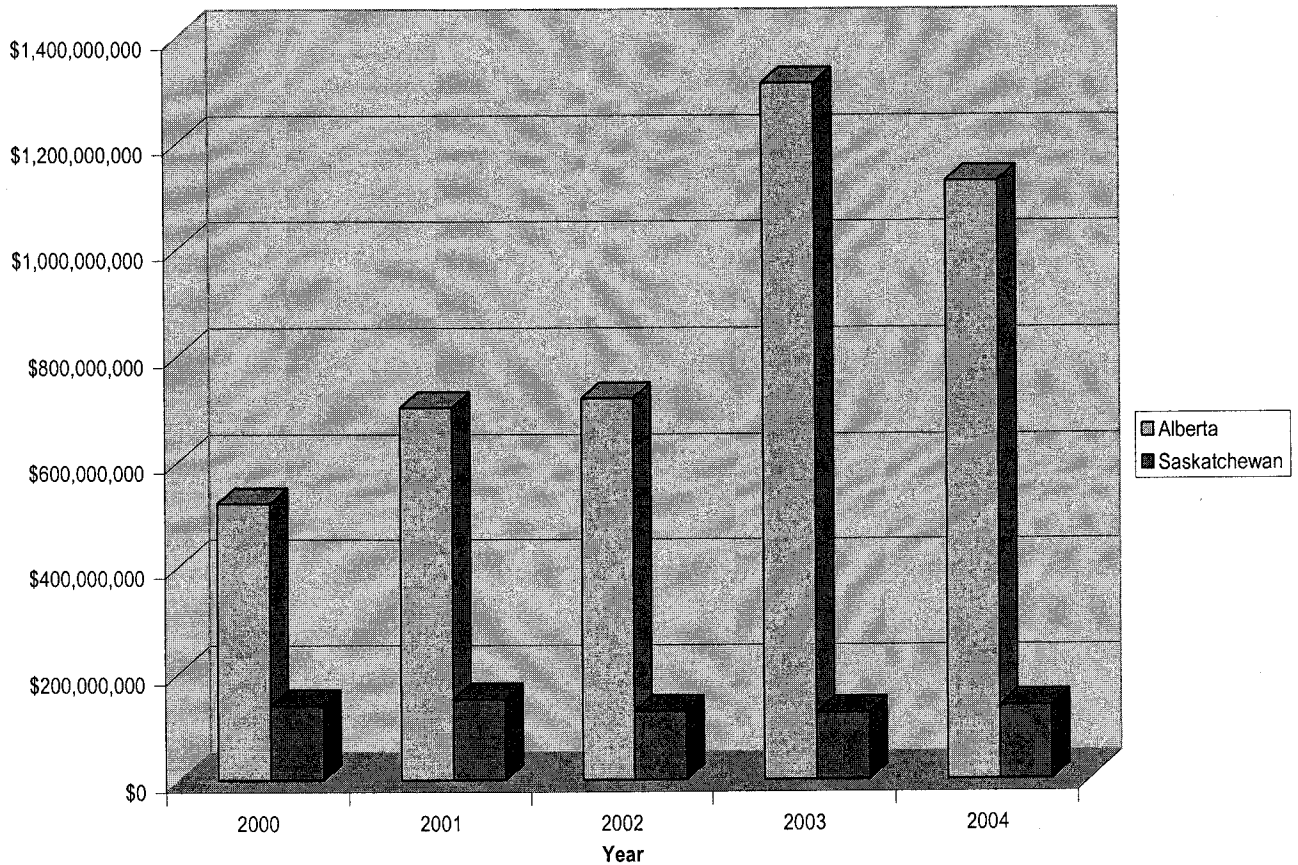
Both Alberta and Saskatchewan have only one 24 hour highway border crossing with the United States. In Alberta, this is the Coutts border crossing located in Coutts, Alberta and Sweetgrass, Montana. In Saskatchewan, the 24 hour border crossing is the North Portal border crossing located in North Portal, Saskatchewan and Portal, North Dakota. However, whereas Alberta has only six Highway-Land Border Offices in total, Saskatchewan has 13.

Alberta and Saskatchewan's Trade with the United States

Alberta does an immense amount of trade with the United States. For example, from 2000 to 2004, Alberta exported approximately \$255 billion worth of products from all industries to the United States (see appendix A). In the same time frame, Alberta also imported approximately \$48 billion worth of products (all industries) from the U.S. Saskatchewan however, does significantly less trade with the United States. From 2000 to 2004 Saskatchewan exported about \$36 billion worth of products (all industries) to the United States (see appendix A). In the same time period, Saskatchewan imported from the U.S. approximately \$20 billion worth of products from all industries.

The following graph shows the dollar values of products (oil and gas extraction, petroleum refineries, iron and steel pipes and tubes manufacturing from purchased steel and mining and oil and gas field machinery manufacturing) imported into Alberta from the United States:

Dollar Values Imported from the U.S. to Alberta vs. Saskatchewan



(Information from the Industry Canada website: http://strategis.ic.gc.ca/sc_mrkti/tdst/engdoc/tr_homep.html).

As the graph demonstrates, the total number of oil and gas related products imported from the United States into Alberta in 2004 were significantly higher than those imported into Saskatchewan in the same year (\$1,126,722,900 vs. \$137,992,179). More specifically in 2004, Alberta imported approximately \$327,168,947 worth of oil and gas field related products from the Midwest United States alone (North Dakota, Missouri, Minnesota, South Dakota, Iowa, Kansas, Nebraska, Wisconsin, Illinois, Indiana, Michigan and Ohio). Saskatchewan, on the other hand, imported only \$52,655,937 worth of oil and gas field related products from these same States. These figures demonstrate

that the amount of importing Alberta does with the United States is quite considerable in comparison to that done by Saskatchewan and the United States.

Alberta's Oil and Gas Industry

According to Economic Development, approximately \$4 billion per year is spent on machinery and equipment by the Alberta Oil and Gas Industry. More importantly, about **95 percent** of this machinery and equipment is used by the oil-sands in the Fort McMurray area. As well, in 2004, imports of Mining and Oil and Gas Field Machinery and Manufacturing in Alberta were valued at approximately \$264 million, which is up 40 percent from 2002. These imports were up another 36 percent in the first half of this year also. However, Economic Development states that these figures are largely underestimated in regards to imports of equipment and machinery by the oil-sands. This is due to the fact that Mining and Oil and Gas Field Machinery Manufacturing is only a small portion of the steel, machinery, etc. that the oil and gas industry uses. Also, a large number of the imports are allocated to other provinces where they clear customs, as opposed to doing so in Alberta.

Reasons for a Second 24 hour Border Crossing in Alberta and the Recognition of another North-South Corridor

- Because Saskatchewan has almost two times as many highway-land border offices, there are greater opportunities for transport companies to cross the border at more varied times. Some of these border crossings are located on gravel roads. Thus if Wildhorse were to become a 24 hour border crossing, trucks would be more likely to cross there; especially if the connecting grid system was in place and the road was of a sufficient standard.

- As was discussed previously, Alberta does a vast amount of trade with the Midwestern states. Therefore, another 24 hour border crossing on the east side of the province (the Wildhorse border crossing possibly) would be extremely beneficial.
- Another 24 hour border crossing, and the recognition of this alternate North-South corridor, would mean a quicker route for trucks hauling heavy oil and gas field machinery. This route would be ideal for heavy, wide loads, or slow moving vehicles, but would also not impede normal fast moving traffic, as is the present case on the Canamex to Edmonton. This alternate route would also allow these larger vehicles to bypass heavily populated areas (such as Calgary and Edmonton). Again, this is not a new roadway, but simply one that should be promoted as an alternate route for these types of vehicles.
- A second 24 hour border located in the southeast of Alberta would ensure that trucks carrying heavy machinery, or other oil and gas field related equipment, would not have to travel the extra distance to reach the Coutts border crossing. Also, by designating an alternate route, heavy trucks on route to Alberta's oil-sands and heavy oil, as well as transport companies with other goods destined for other areas of Alberta, are more likely to pass through Alberta customs rather than a Saskatchewan border.
- As previously described, a number of Alberta's imports clear customs in other provinces. When this occurs, potential Alberta companies (such as gas stations, restaurants and service industries for the trucking industry) choose not to locate in Alberta. By making the Wildhorse border crossing a second 24 hour border crossing in Alberta, and by promoting another access route to the oil-sands,

Alberta could potentially attract those transport trucks which might otherwise cross through a Saskatchewan border.

Opposing Views against a Second 24 hour Border Crossing in Alberta and the Recognition of another North-South Corridor

- By increasing the hours at the Wildhorse border crossing, the capital spent on wages would increase. It may also mean that more capital would be needed to improve infrastructure in order to accommodate the increase in demand at the crossing. This however is a Federal responsibility.
- Certain infrastructure problems would need to be recognized, such as certain low bridges, or steel covered bridges, along the alternate route. This would of course mean funding would be required for this type of infrastructure.
- Although Economic Development has stated that a number of Alberta's imports clear customs in other provinces, the data on the number of trucks passing through these borders is hard to obtain.

Motion 506

On April 10, 2006, Len Mitzel, MLA Cypress-Medicine Hat proposed Motion 506 to the Legislative Assembly of Alberta. The Motion read as follows: *Be it resolved that the Legislative Assembly urge the Government to promote the use of Highway 41, up to and including Highway 63, from Wildhorse to Fort McMurray, as an alternate north-south transportation corridor from the United States.* The Motion was passed unanimously, showing the support of the Assembly for the Motion.

Conclusion

Alberta has less than half the number of highway –land border offices with the United States that Saskatchewan has and yet Alberta does almost double the amount of trade with the U.S. In order to persuade transport companies to clear customs at an Alberta border crossing, rather than a Saskatchewan one, the current Wildhorse border crossing in Southeast Alberta should become a 24 hour border crossing. A new North-South corridor would also assist trucks carrying heavy, wide, or slow loads to be able to reach their destination more easily. The result could be greater business for companies in Alberta located on, or near this route, such as restaurants, service stations and truck service.

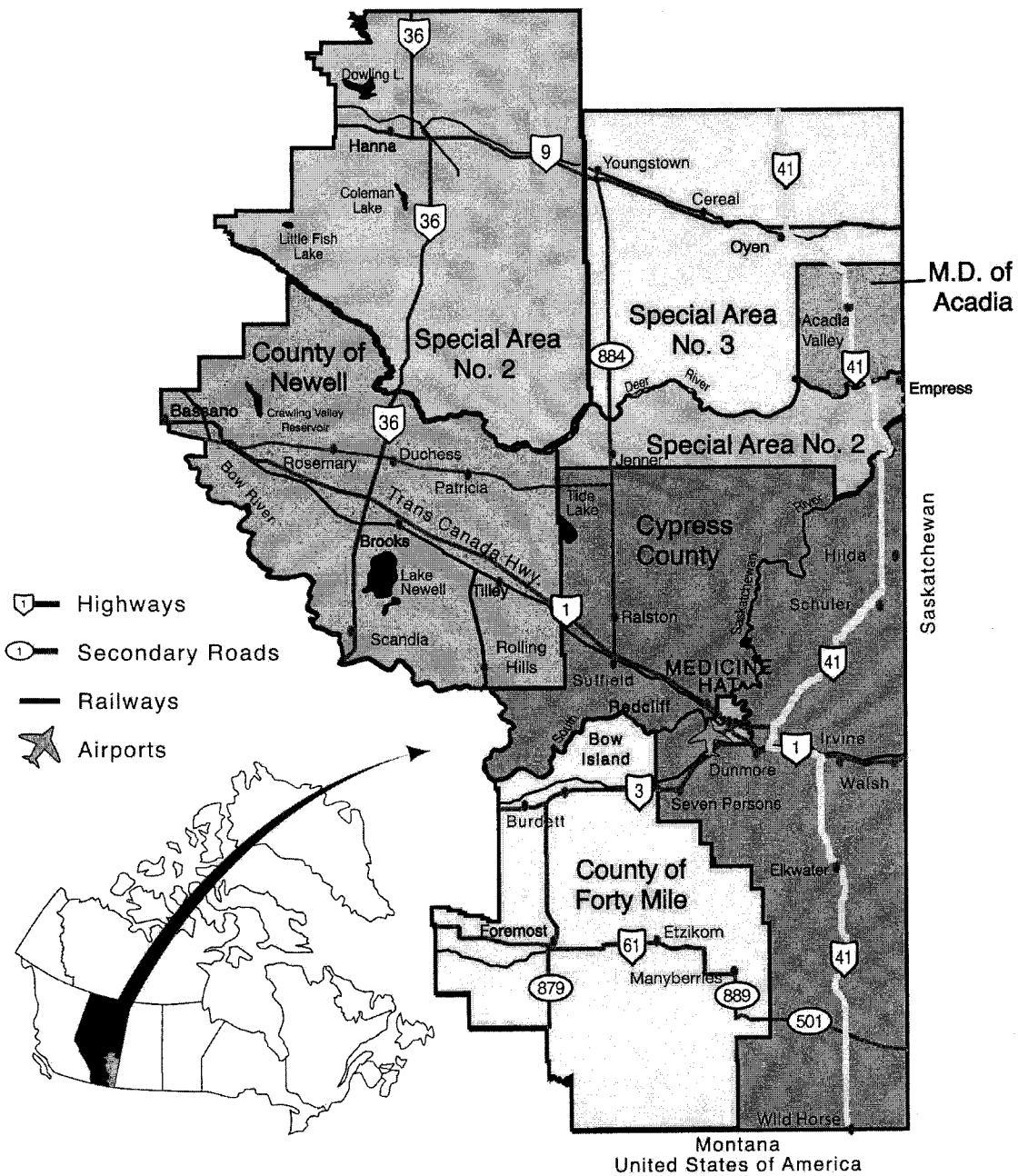
Appendix A

Canadian Exports (all industries) to the United States	Year 2000	Year 2001	Year 2002	Year 2003	Year 2004	Total:
AB. 000,000	\$49,193	\$51,131	\$43,367	\$51,468	\$59,510	\$254,669,000,000
Sask. 000,000	\$7,686	\$6,880	\$7,007	\$6,592	\$7,970	\$36,135,000,000

Canadian Imports (all industries) from the United States	Year 2000	Year 2001	Year 2002	Year 2003	Year 2004	Total:
AB. 000,000	\$8,961	\$10,227	\$9,393	\$9,604	\$9,596	\$47,781,000,000
Sask. 000	\$3,921,004	\$4,215,096	\$3,719,776	\$3,709,889	\$4,179,122	\$19,744,887,000

(Information from Industry Canada website: http://strategis.ic.gc.ca/sc_mrkti/tdst/engdoc/tr_homep.html)

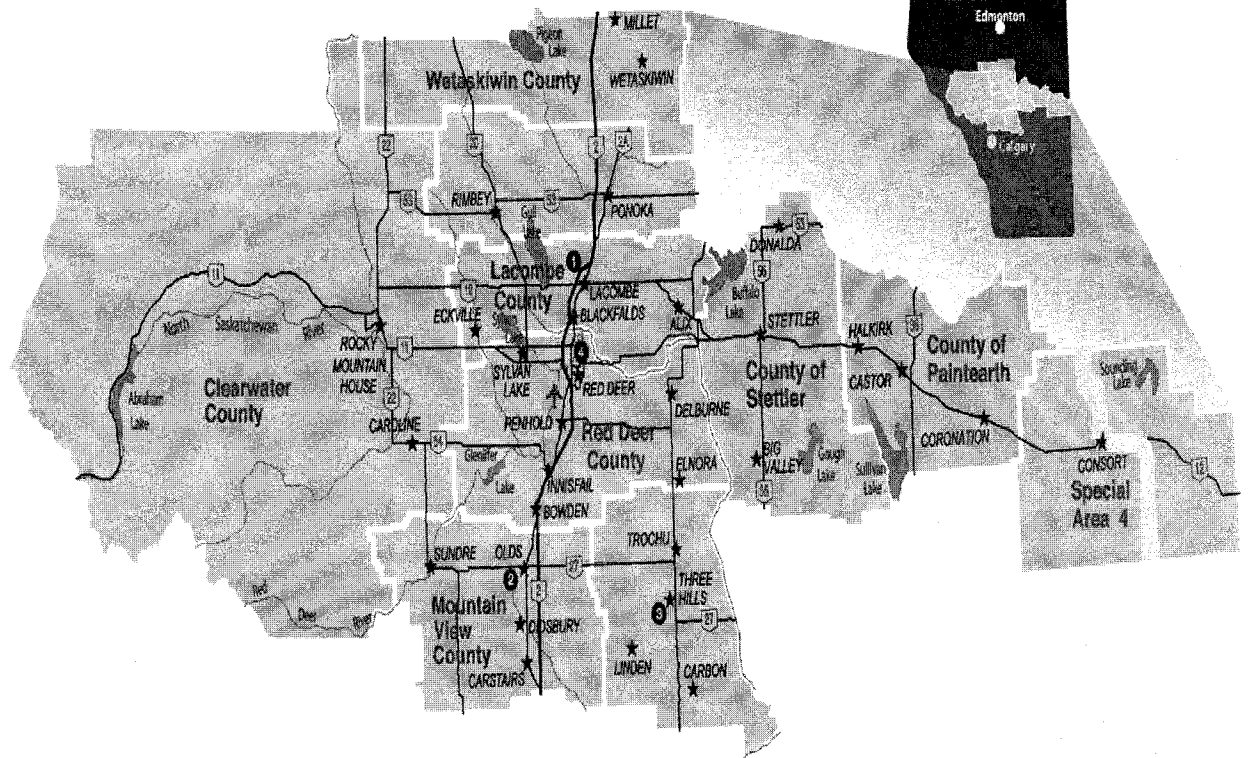
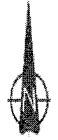
Appendix B:



Appendix C:

Central Alberta - A Region of Opportunity

www.centralalberta.ab.ca



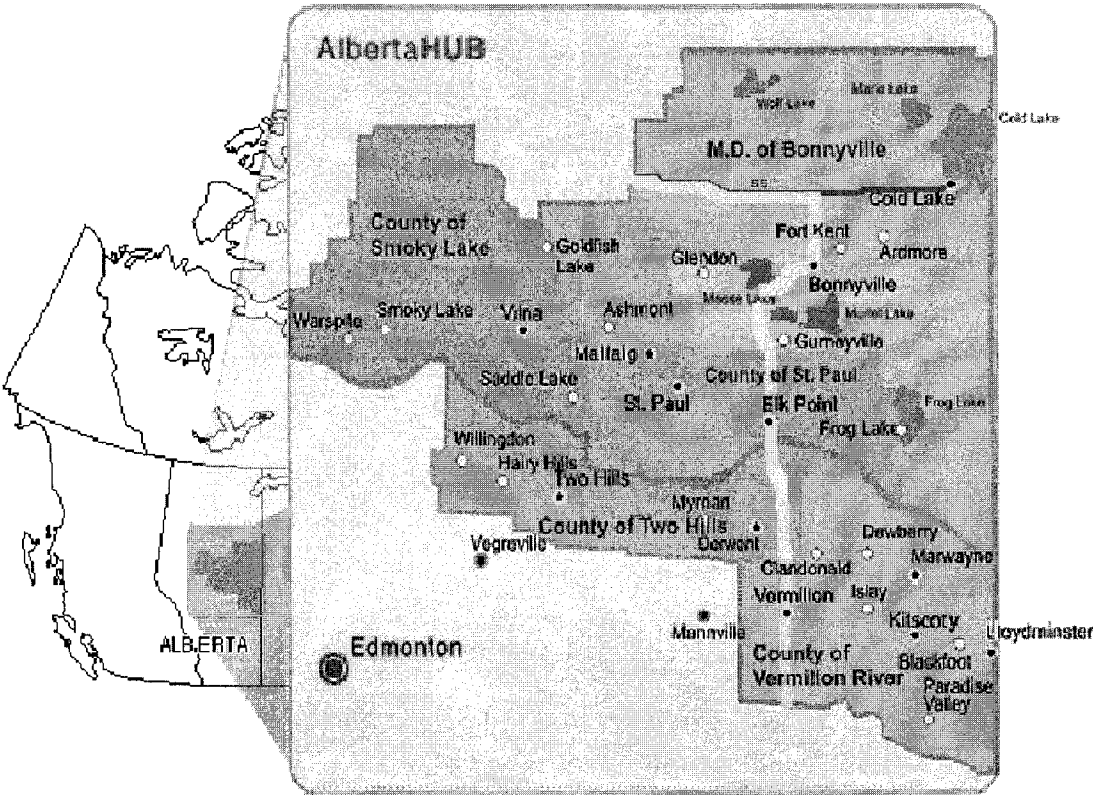
— Primary Highway
— 4 Lane Primary Highway

0 10 50 Km

0 10 30 miles

↑ Regional Airport

Appendix E:



Appendix F:

